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U.S. Trade Representative Zoellick Requests Comprehensive Steel Investigation

WASHINGTON- At the direction of the President, U.S. Trade Representative Robert B. Zoellick today requested that the U.S. International Trade Commission (ITC) launch an investigation into whether increased imports are causing serious injury to the U.S. steel industry. The request for an investigation under Section 201 of the Trade Act of 1974 is part of President Bush's comprehensive steel policy initiative.

"The Bush Administration is committed to the effective use of statutory safeguards, consistent with WTO rules, when American producers face serious injury due to imports," said Ambassador Zoellick. "Action under Section 201 can give U.S. producers a vital breathing space while they restructure and regain competitiveness. The Administration looks forward to receiving the ITC's views on the question of the injury, and if appropriate, the actions to be undertaken by the domestic industry to adjust to import competition."

"America's steel industry and its more than 200,000 workers play an important role in our nation's economy, providing high-quality products to the manufacturing, construction, and energy sectors," Ambassador Zoellick noted in the letter to the ITC. "Steel mills support additional jobs in related industries and in the businesses that serve steel workers and their families. The U.S. steel industry has been affected by a 50-year legacy of foreign government intervention in the market and direct financial support of their steel industries. The result has been significant excess capacity, inefficient production, and a glut of steel on world markets."

The steel products covered by this request include: certain carbon and alloy flat products; certain carbon and alloy long products; certain carbon and alloy pipe and tube; and certain stainless steel and alloy tool steel products.

Ambassador Zoellick's action is part of a comprehensive steel policy initiative announced by President Bush on June 5, 2001. The President's three-part program directed the USTR first, to request a Section 201 investigation of steel products, and second, directed the USTR, together with the Secretary of Commerce and the Secretary of the Treasury, to negotiate with other steel producing nations to obtain the near-term elimination of inefficient excess capacity in the global steel industry. Third, the President also called for negotiations to establish additional disciplines on subsidies and other market-distorting practices that affect the global steel industry.

Under Section 201, the ITC will investigate whether imports have increased in such an amount as to be a substantial cause of serious injury or threat of serious injury to the U.S. industry. If the ITC makes an affirmative finding, the President will have a range of options, such as providing trade adjustment assistance to the U.S. steel industry and its workers or raising tariffs or imposing quotas on steel imports. In deciding what action to take, the President must take into account a range of factors, including the actions the industry intends to take to improve its competitiveness. Once the ITC formally initiates its investigation, it has 180 days to report its findings to the President. If the ITC makes an affirmative determination, the President has 60 days to determine the appropriate remedy.

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For a copy of the letter and other related documents, please go to www.ustr.gov